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*Tom Bates*  
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*Dave Cortese*  
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*Bill Dodd*  
Napa County and Cities

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U.S. Department of Transportation

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Association of Bay Area Governments

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*Steve Kinsey*  
Marin County and Cities

*Sam Liccardo*  
Cities of Santa Clara County

*Jake Mackenzie*  
Sonoma County and Cities

*Kevin Mullin*  
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*James P. Spering*  
Solano County and Cities

*Scott Wiener*  
San Francisco Mayor's Appointee

*Steve Heminger*  
Executive Director

*Ann Flemer*  
Deputy Executive Director, Policy

*Andrew B. Fremier*  
Deputy Executive Director, Operations

**Transit Sustainability Project  
Select Committee Meeting  
February 11, 2011  
Minutes**

**1. Call to Order**

Chairman Bill Dodd called the meeting to order at approximately 9:45 a.m.

**2. Minutes of July 9, 2010 meeting**

Minutes of the July 9, 2010 meeting were approved after a motion by Commission Scott Haggerty and a second by Commissioner Adrienne Tissier.

**3. Transit Sustainability Project Update**

Carolyn Clevenger, MTC Programming and Allocations Section, presented an update on the Transit Sustainability Project.

Commissioner Sam Liccardo asked if the trends between the study done on Other Post Employment Benefits (OPEB) liability and funded pension liability that ended in June of 2008 would be much different if compared to these liabilities to the current date. Ms. Clevenger responded that the trends would likely be worse because of recent losses in funds.

Commissioner Steve Kinsey asked how we arrived at a difference of \$100 million in average administrative costs in comparison to our peers, and in terms of reducing the number of transit agencies, does that suggest that the national consolidations will only make sense if smaller agencies are combined with smaller agencies. Mr. Heminger responded that in the past one of the mistakes that has been made is talking about this issue only in terms of institutional consolidation. Functional consolidation is a method that should be explored, in which functions are consolidated but agencies are left separate.

Commissioner Tom Azumbrado asked if the comparison of SamTrans \$171 directly operated cost per hour to \$111 contracted cost per hour is comparing apples to apples or were there certain other efficiencies that may have benefit that were not revealed. Mr. Heminger explained that this is an example of one agency with two different forms of service with a \$60 per hour difference. The costs savings are clearly sizable and this is not a strategy that has been explored much in the Bay Area.

Commissioner Bill Dodd commented on the thirty percent employee benefit costs as a percentage of total compensation and asked what is the range of possibilities the Committee could do to reduce that percentage. Mr. Heminger explained that through this analysis we have determined that wages are not the issue and benefits are transit-wide and government-wide issues. Thus far, the main issues seem to be

administrative costs and work rules and more extensive analysis is needed to identify possible solutions that the Committee could incentivize or dis-incentivize or that the individual transit agencies could explore and implement.

Commissioner Mark Green commented that there needs to be an incentive for operators to start reducing their own costs and practical steps need to be taken to start the process of functional consolidation.

Commissioner Jim Spring commented that at the end of the TSP process the Committee needs to be given clear choices as to how to deal with sustainability issues in the long-term.

Commissioner Dave Cortese commented that it has been his experience that the primary differences between the private and public sector are supply and demand oriented. Additionally, he would be interested to see if we are able to tie the increases in bargaining agreements back to private sector employment demand and how much of it is outside of micro-controlled factors.

Commissioner Tom Bates commented that he would like to explore the use of other sources of transportation as we move into the future; such as how to better use taxis, shuttles, and paratransit services.

Commissioner Scott Haggerty asked if any of the major urban transportation agencies have recently merged or have they always been the way that they are today. Mr. Heminger advised that the most recent merger that he is aware of was in Los Angeles in which the LAMTA was put together from a planning agency, rail system, and a bus agency approximately 10-15 years ago. Commissioner Haggerty commented that he would like to look at the model of how they went about conducting the merger and that it may be a good idea to look at the 13c rules that are issues in moving forward and how they affect the operating cost drivers. Mr. Heminger explained that 13c rules would play a role in any attempt to contract a significant portion of existing in-house services which would affect the cost savings that might be realized.

#### **4. Public Comment / Other Business**

Matt Williams, former AC Transit Director, commented that his view of the intentions of the TSP Select Committee is to determine what transit systems in the Bay Area will look like going forward and it is a bigger picture than what is demonstrated by staff which includes only operating finances and encouraged the Committee to look at capital.

Commissioner Jon Rubin commented that every capital dollar requires some maintenance dollars which eventually causes the mass to grow and asked if there is any way to calculate the correlation between capital and maintenance in terms of what a capital dollar costs down the line in maintenance. Mr. Heminger responded that this examination is called life-cycle costing and in which a new extension or new highway is examined. This examination determines how much it will cost to operate and maintain the system and is something that is done in the long-range plan. The current long-range plan is 80% operations and maintenance.

#### **5. Adjournment / Next Meeting**

The meeting was adjourned at approximately 10:56 a.m. The next meeting of the Transit Sustainability Project Committee will be determined at a later date.